

Message Text

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PAGE 01 REYKJA 01236 140508Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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TO SECSTATE WASHDC 8733
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CINCLANT NORFOLK VA
CINCEUR VAIHINGEN GE
COMICEDEFOR KEFLAVIK IC

C O N F I D E N T I A L REYKJAVIK 1236

E.O. 11652: GDS
TAGS: MARR, IC
SUBJECT: JOINT USE AIR TERMINAL; DISCUSSION WITH PRIME MINISTER
AND FOREIGN MINISTER

REF: A. STATE 215434 DTG 241854Z AUG 78 (NOTAL)
B. STATE 171517 DTG 071604Z JUL 78 (NOTAL)
C. REYKJAVIK 1232 DTG 121649Z SEP 78

1. I CALLED ON FOREIGN MINISTER BENEDIKT GRONDAL AND
ON PRIME MINISTER OLAFUR JOHANNESSEN SEPARATELY ON
SEPTEMBER 12 AND RAISED WITH THEM TIMING OF ARRIVAL OF US
TECHNICAL TEAM IN CONNECTION WITH CONSTRUCTION OF JOINT USE
TERMINAL. I OUTLINED BACKGROUND OF US AGREEMENT TO ASSIST IN
FINANCING CONSTRUCTION OF TERMINAL AND SAID US TEAM WOULD BE
PREPARED TO COME TO ICELAND FIRST WEEK OF OCTOBER TO DEVELOP
JOINTLY WITH ICELANDIC COUNTERPARTS DATA REQUIRED FOR PLANNED
CONSTRUCTION (REFTEL B). I NOTED IMPORTANCE IN TERMS OF
USG BUDGETARY CYCLE OF EARLY ARRIVAL OF TEAM AND ASKED
WHETHER I COULD INFORM WASHINGTON THAT OCTOBER DATE WAS
AGREEABLE TO ICELANDIC SIDE.

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2. FOREIGN MINISTER GRONDAL SAID HE STRONGLY SUPPORTED
CONSTRUCTION OF JOINT USE TERMINAL. HE REGARDED TER-
MINAL AS NECESSARY IN TERMS OF ICELANDIC AIR TRAFFIC
REQUIREMENTS, BUT HE ALSO THOUGHT IT SHOULD BE SCALED
DOWN SUBSTANTIALLY FROM ORIGINAL PLANS DEVELOPED SOME
YEARS AGO. FINALLY, HE SAID HE BELIEVED HE HAD FULL

SUPPORT OF PRIME MINISTER OLAFUR JOHANNESSEN IN HIS DESIRE TO MOVE AHEAD WITH TERMINAL BUT THAT UNTIL HE TALKED WITH HIM HE WOULD NOT BE ABLE TO RESPOND TO MY QUESTION AS TO WHEN TEAM SHOULD ARRIVE.

3. I TOLD FOREIGN MINISTER I WOULD BE CALLING ON PRIME MINISTER SAME DAY AND THAT I WOULD RAISE MATTER WITH HIM. I STRESSED, HOWEVER, FACT THAT MECHANICS OF U.S. BUDGETARY PROCESS MADE OCTOBER VISIT BY US TEAM HIGHLY DESIRABLE. FOREIGN MINISTER EXPRESSED UNDERSTANDING OF THIS POINT AND SUGGESTED I REITERATE IT TO PRIME MINISTER WHEN I TALKED TO HIM.

4. WHEN I CALLED ON PRIME MINISTER JOHANNESSEN HE APPEARED TO BE FAMILIAR WITH DISCUSSION I HAD JUST HELD WITH FOREIGN MINISTER AND REFERRED TO HIS OWN AWARENESS OF BACKGROUND OF PROJECT AS MEMBER OF PREVIOUS GOVERNMENT. HE ALLUDED, AS FOREIGN MINISTER HAD DONE, TO PEOPLE'S ALLIANCE OPPOSITION TO TERMINAL FINANCED IN PART BY USG, BUT HE SAID THAT HE BELIEVED GOI SHOULD MOVE AHEAD ON IT. WHEN I DREW HIS ATTENTION TO OUR DESIRE TO HAVE US TECHNICAL TEAM BEGIN DISCUSSIONS WITH ICELANDIC SIDE DURING FIRST WEEK OF OCTOBER AND REASONS WHY THIS TIMING WOULD BE HIGHLY DESIREABLE, HE SAID HE WOULD REVIEW MATTER WITH FOREIGN MINISTER AT AN EARLY DATE AND THAT EITHER HE OR MFA WOULD BE IN TOUCH WITH ME. CONFIDENTIAL

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5. COMMENT: AS DEPARTMENT AND DOD ARE AWARE, SUBJECT OF US ASSISTANCE TO GOI ON JOINT USE TERMINAL HAS ALREADY BEGUN TO STRAIN RELATIONS BETWEEN PEOPLE'S ALLIANCE, WHICH OPPOSES US ASSISTANCE, AND ITS SDP AND PP COALITION PARTNERS. ALTHOUGH PRIME MINISTER AND FOREIGN MINISTER BOTH APPEAR DETERMINED TO MOVE AHEAD WITH TERMINAL PROJECT, THEY MAY HAVE TO WEIGH CAREFULLY IMPLICATIONS OF SIGNALING NOW TO PEOPLE'S ALLIANCE THAT NEW COALITION GOVERNMENT SHOULD PROCEED TO DO SO. BLAKE

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